

# CHARTER SCHOOL AGREEMENT AND GRANT OF CHARTER TO

\_\_\_\_\_  
FOR THE  
\_\_\_\_\_

This Charter School Agreement, together with any exhibits, attachments, addenda, and amendments (hereinafter referred to as the "Charter Agreement") is made and entered into on the dates of the signatories, below, by and between the Mayor of the Consolidated City of Indianapolis and Marion County, Indiana (hereinafter referred to as "Authorizer"), and \_\_\_\_\_ (hereinafter referred to as the "Organizer"). The Authorizer has authorized the Director of Charter Schools (hereinafter referred to as the "Charter Schools Director") as the Authorizer's designated representative to serve at the Authorizer's discretion and to assist with the performance of the Authorizer's duties as provided herein. The Authorizer may change this authorization and designation from time to time, and shall give written notice of any such change to the Organizer.

## SECTION I. AUTHORITY, AND GRANT OF CHARTER

1.1 Grant. The Authorizer hereby grants a charter to the Organizer for the maintenance and operation of an Indiana public charter school to be known as \_\_\_\_\_ (hereinafter referred to as the "Charter School").

1.2 Authority. The Charter (hereinafter referred to as "Charter") is issued pursuant to the authority of Indiana Code Art. 20-24, as the same may be amended from time to time hereafter.

1.3 Discretion of Authorizer. All decisions with regard to the Charter, school proposals, applications, or applicants shall be made at the discretion of the Authorizer in accordance with applicable law. Further, nothing in any aspect of the Authorizer's or Charter Schools Director's review or deliberation (or review or deliberation by any officers, employees, agents, or representatives of the City of Indianapolis (hereinafter referred to as "City"), including the City's Charter School Board, or those acting on behalf of the City's officers, employees, agents and representatives) with regard to the determination to issue or not to issue, or to renew or not renew, any particular charter, including without limitation, the application, the application review process, any charter instrument, and any correspondence, communication or documentation relating thereto, grants or implies or can be construed to suggest to any person, entity, or organization, any property right under the United States Constitution, the Indiana Constitution, or applicable law.

## SECTION II. LEGAL STATUS AND ESTABLISHMENT OF CHARTER SCHOOL

2.1 Legal Status. The Charter School is an Indiana public school and shall be subject to applicable law, in addition to any policies relating to charter schools adopted by the Authorizer.

2.2 Effective Date. The Charter shall take effect upon the execution of this Charter Agreement by the Authorizer and a duly authorized representative of the Organizer (the "Effective Date"). It is understood

that prior to the Charter's issuance on the Effective Date, the proposed Charter is subject to modification or abandonment.

2.3 Prior Actions. Notwithstanding Paragraph 2.2 of this Agreement, the Organizer shall not provide instruction to any student attending the Charter School unless and until:

- a. The Organizer issues a written statement to the Charter Schools Director, attesting to the Organizer's substantial completion, in a timely manner, of all of the prior actions set forth in "Exhibit A," attached hereto and incorporated herein by reference (hereinafter referred to as the "Prior Actions"); and
- b. The Charter Schools Director shall have confirmed in writing the substantial completion of such Prior Actions.

The Prior Actions are in addition to any other conditions set forth in the Charter Agreement.

### **SECTION III. IDENTIFICATION OF THE ORGANIZER; DESCRIPTION OF ORGANIZATIONAL STRUCTURE AND GOVERNANCE PLAN**

3.1 Organization. The Charter School is established and operated by the Organizer, a not-for-profit corporation formed and organized under the applicable laws of the State of Indiana. The Organizer hereby represents that the Internal Revenue Service has (a) determined it to be tax exempt, or (b) is reviewing the Organizer's application for tax exempt status. If the Organizer has not received a determination by the Internal Revenue Service of its tax exempt status as of the Effective Date, the Organizer must have received such determination before the Organizer may provide instruction to any students attending the Charter School, unless the Charter Schools Director provides express written authorization that the Organizer may provide instruction to students attending the Charter School pending such determination. The Organizer shall immediately inform the Charter Schools Director if its tax-exempt status is questioned, modified, or revoked by the Internal Revenue Service or if it's not-for-profit corporation status is questioned, modified, or revoked by the state of incorporation.

#### 3.2 Board of Directors.

- a. The Organizer has a Board of Directors (hereinafter referred to as the "Board") whose members constitute the governing body of the Charter School (as defined in Indiana Code § 20-26-2-2) and shall manage the Charter School's activities in compliance with the Charter and applicable law.
- b. The Organizer represents that it has conducted, or will conduct within ninety (90) days of the Effective Date: an expanded criminal history check pursuant to Indiana Code § 20-26-5-10 on each current Board member to the fullest extent permitted under applicable law after obtaining any necessary consents from the current Board member. Any person that has been convicted of the following acts shall be prohibited from serving on the Board, unless such prohibition is expressly waived by the Charter Schools Director in writing:
  - i. an offense described in Indiana Code § 20-26-5-11; or
  - ii. any theft, misappropriation of funds, embezzlement, misrepresentation, or fraud.

- c. The Organizer represents that it will conduct, at least fourteen (14) days prior to the approval of any new Board member: national, and state and local criminal background checks on the prospective Board member to the fullest extent permitted under applicable law after obtaining any necessary consents from the prospective Board member. Any person that has been convicted of the following shall be prohibited from serving on the Board, unless such prohibition is expressly waived by the Charter Schools Director in writing:
  - i. an offense described in Indiana Code § 20-26-5-11; or
  - ii. any theft, misappropriation of funds, embezzlement, misrepresentation, or fraud.

3.3 Governance. The Organizer shall operate the Charter School under the governance plan set forth in its application for the Charter together with any exhibits, attachments, addenda, and amendments (hereinafter referred to as the "Application"), which Application is attached to this Charter Agreement and incorporated herein by reference as "Exhibit B."

3.4 Bylaws. The Board shall initially operate pursuant to the bylaws set forth in the Application. The Board shall meet within thirty (30) days of the Effective Date and duly ratify such by-laws. Thereafter the Board shall operate pursuant to the bylaws of the Charter School whether such bylaws are those initially set forth in the Application, or as amended. The Bylaws may not be amended in any material respect without the prior written approval of the Board, which approval may not be unreasonably withheld, and in no event can an amendment conflict with any term of this Charter Agreement or applicable law. In seeking modification of the Bylaws, the Board must submit to the Board members a duly approved resolution of the Board setting forth the proposed material changes to the Bylaws. Prior to formal Board approval of the proposed material changes to the Bylaws, the Board must submit a written copy of said changes to the Charter Schools Director for approval.

3.5 Conflict of Interest. Any Board member, officer of Organizer, or individual who is to hold a leadership position in the operation of the Charter School, including any administrative position (together, "Interested Persons"), any family member of any Interested Person, or any organization in which the Interested Person has a more than a 2% ownership position, which has any direct or indirect financial interest in any party with which the Organizer contracts for services must disclose to the Board, or to a committee designated by the Board as having the authority to review potential conflicts of interest, the existence of his or her financial interest, and may be given the opportunity to disclose facts material to that interest to the Board or committee. A "financial interest" includes any current or potential ownership interest in, investment interest in, or compensation arrangement with such party. The term "family member" includes any spouse, parent, child, or sibling of the Interested Person. The disinterested members of the Board or committee, (that is, all members except for any Interested Person) will evaluate the impact of the Interested Person's financial interest, assess whether a conflict of interest arises from the financial interest, and determine what action, if any, is appropriate with regard to the financial interest and any conflict of interest. The Board or committee shall conduct whatever additional investigation is considered appropriate under the circumstances.

3.6 Dissolution. The Organizer represents that its governing documents provide that, upon dissolution, (a) all remaining assets, except funds received from the Indiana Department of Education (the "Department"), shall be used for nonprofit educational purposes, and (b) remaining funds received from the Department shall be returned to the Department not more than thirty (30) days after dissolution.

3.7 Escrow Account for Dissolution. The Charter School agrees to establish an escrow account of no

less than thirty thousand dollars (\$30,000) to pay for legal, wind down of operations and audit expenses that would be associated with a dissolution should it occur. The Charter School may provide for the full amount in its first-year budget, or provide for a minimum of ten thousand dollars (\$10,000) per year for the first three of its charter term. The Charter School's failure to provide for a minimum of ten thousand dollars (\$10,000) by December 31<sup>st</sup> in each of the first three years of its charter term, beginning with the first year of instruction, shall be deemed a material violation of this Charter Agreement.

3.8 Third Party Responsibilities. To the extent that applicable law renders any of the Organizer's obligations set forth herein the responsibility of the governing body of the Charter School, the Charter School, or any other third parties, as opposed to the Organizer, the Organizer shall ensure that the responsible entity fulfills the obligations set forth herein in accordance with applicable law and the terms and conditions of this Charter Agreement. If the Organizer fails to ensure such obligations are fulfilled in accordance with applicable law and the terms and conditions of this Charter Agreement, the Organizer shall (a) indemnify the City and its officers, employees, counsel, consultants, agents, representatives (including the City's Charter School Board) and those acting on behalf of the City's officers, employees, counsel, consultants, agents and representatives harmless from any and all claims, actions, expenses, damages and liabilities, including costs and attorneys' fees, for the defense of any of the above, arising out of, connected with, or resulting from such failure; and (b) be deemed to have committed the act or omission itself for the purposes of determining whether the Authorizer may revoke the Charter under Paragraph 16.4 of this Agreement.

#### **SECTION IV. OPERATION OF THE CHARTER SCHOOL**

4.1 Application. The Organizer represents that the information provided in the Application was accurate when submitted and remains accurate as of the Effective Date. To the extent that modifications have been made to the Application between the time it was submitted to the Authorizer and prior to the Effective Date, such modifications shall (a) be reflected in the main body of the Application or in an amendment to the Application; and (b) be approved in writing by the Charter Schools Director. The Application may be modified after the Effective Date only by a signed amendment thereto executed by the Organizer and the Charter Schools Director. The Organizer and Charter Schools Director agree that the Application sets forth the overall goals, standards, and general operational policies of the Organizer relating to the Charter School, and that the Application is not a complete statement of each detail of the Organizer's operation of the Charter School. To the extent that the Organizer desires to implement specific policies, procedures, or other specific terms of operation that supplement or otherwise differ from those set forth in the Application, the Organizer shall be permitted to implement such policies, procedures, and specific terms of operation, provided that such policies, procedures, and terms of operation are (i) not otherwise prohibited or circumscribed by applicable law or this Charter Agreement, or (ii) are not materially different from those set forth in the Application. To the extent there is a conflict between the terms of this Charter Agreement and the Application, the terms of this Charter Agreement shall govern.

4.2 Mission Statement. The Organizer shall operate the Charter School under the mission statement set forth in the Application.

4.3 School Improvement Plan. As permitted under Indiana Code § 20-31-5-2, the Charter shall serve as the Charter School's strategic and continuous school improvement and achievement plan (hereinafter referred to as the "School Improvement Plan"). To the extent that Indiana Code Article 20-31 applies to the Charter in its function as the School Improvement Plan, the Organizer shall comply with the requirements under Indiana Code Article 20-31.

4.4 Accountability Plan. The Organizer shall develop in draft form, in consultation with the Charter Schools Director and in accordance with the accountability handbook developed by the Charter Schools Director, a proposed accountability plan to provide a basis for evaluating whether the Organizer is meeting its educational, operational, and financial goals under the Charter (the "Accountability Plan"). This draft plan shall be developed in accordance with the timeline set forth in the accountability handbook. The Organizer shall submit to the Charter Schools Director a final version of the proposed Accountability Plan in accordance with the timeline set forth in the accountability handbook. As soon as the Charter Schools Director has accepted the proposed Accountability Plan, this Charter Agreement shall be amended to incorporate the Accountability Plan as an "Exhibit C" hereto. At a minimum, the Accountability Plan must include performance expectations as specified in the Performance Framework, which includes both common and school-specific performance expectations. For elements of the Accountability Plan that require review or evaluation by an external entity as determined by the Charter Schools Director, the Organizer is required to select such an entity that is approved by the Charter Schools Director, and fund expenses related to any such evaluation. If the Organizer fails to submit an Accountability Plan acceptable to the Charter Schools Director within the timeline established in the accountability handbook, then the Authorizer shall be permitted to exercise rights under Paragraph 16.4(h.) of this Charter Agreement, subject to the notice and cure provisions set forth under Paragraph 16.5 of this Charter Agreement. If the Organizer's school calendar renders it necessary for the Organizer to submit the draft and final versions of the proposed Accountability Plan on an alternate schedule, the Organizer may make a written request to the Charter Schools Director for an adjustment to the timeline in the accountability handbook.

4.5 Nonsectarian and Non-Religious. The Organizer shall ensure that the Charter School is nonsectarian and non-religious in its curriculum, programs, admission policies, employment practices, governance, and all other operations. The Organizer shall comply with the requirements of the United States and Indiana Constitutions, including those requirements provided by the establishment clause of the First Amendment of the United States Constitution and Article 1, Section 6 of the Indiana Constitution. The Organizer shall not use any of the funds to operate the Charter School for the benefit of any religious or theological institution.

4.6 Educational Service Providers. In the event the Organizer intends to contract with a third party organization that will manage or operate the Charter School or provide a significant portion of the managerial or instructional staff to the Charter School on a fee basis and pursuant to a fee-based contract, that organization shall be known as an Educational Service Provider, and such relationship shall meet the requirements as set forth in "Exhibit D" to this Agreement, attached hereto and incorporated herein by reference.

4.7 Third Party Contracts. No contract entered into by the Organizer with any third party shall amend, alter, or modify any provision of this Charter Agreement.

## **SECTION V. CURRICULUM, INSTRUCTIONAL METHODS AND PUPIL ASSESSMENT**

5.1 Curriculum. The Organizer shall develop a curriculum for the Charter School as a Prior Action. The Organizer shall make a copy of the curriculum and the Accountability Plan (once developed) available for inspection at the Charter School during normal school hours and shall provide a copy in response to any telephone or mail request by any person.

5.2 Educational Benchmarks of Charter School. The benchmarks and indicators of performance for measuring academic progress of students attending the Charter School shall be as described in the

Application, this Charter Agreement, and the Accountability Plan, and any reports submitted under the terms of this Charter Agreement.

5.3 Building Trades Apprenticeship Program. As prohibited under Indiana Code § 20-24-8-6, the Organizer shall not duplicate a Bureau of Apprenticeship and Training (“BAT”) approved Building Trades apprenticeship program.

## **SECTION VI. PUPIL ENROLLMENT**

6.1 Grades Served; Number of Students. The Organizer is authorized to enroll students in accordance with the grade levels and enrollment limits set forth in the Application. Any change in grade levels offered at the Charter School or increase or decrease in overall student enrollment from the limits set forth in the Application shall require prior written approval from the Charter Schools Director, which approval or disapproval must be communicated to the Organizer within ten (10) business days after the Charter Schools Director receives written notice from the Organizer of its proposed increase in overall student enrollment.

6.2 Open Enrollment. The Organizer shall not establish admission policies or limit student admissions in any manner in which a public school is not permitted to establish admission policies or limit student admissions, except where enrollment of an applicant who does not have legal settlement in the district in which the Charter School is located is successfully appealed pursuant to Indiana Code § 20-24-5-2, or as provided in Paragraph 6.3 of this Charter Agreement, below.

6.3 Lottery. The lottery shall be conducted as set forth in the Application, and shall be designed in such a manner that it gives a parent or any other legal guardian a reasonable opportunity to participate in the lottery. If the number of applicants for admission exceeds the capacity stated in this Charter Agreement for any grade, building, or program, the Organizer must conduct a random lottery for enrollment, giving each timely applicant an equal chance of admission, with the following exceptions:

- a. The Organizer may provide that a student who attended the Charter School in the previous school year may continue to attend; and
- b. The Organizer may allow the siblings of a student who attends the Charter School to be admitted to the Charter School.

6.4 Recruitment; Enrollment. The Organizer's recruitment and enrollment policies for the Charter School are subject to all federal and state law and constitutional provisions that prohibit discrimination on the basis of race, disability, gender, religion, national origin, ancestry, or color.

6.5 Student Records. The Organizer shall maintain all student records, including enrollment information, electronically on a system that is mutually acceptable to the Organizer and the Charter Schools Director.

6.6 Student Identification Numbers. The Organizer shall assign and use student identification numbers both in administering ISTEP and in meeting other Indiana data reporting requirements. The Organizer shall follow procedures established by the State Board of Education and the Department for issuance and record keeping concerning student identification numbers.

## **SECTION VII. SCHOOL CALENDAR**

7.1 The Organizer shall have students in attendance at the Charter School beginning on [REDACTED], 201[REDACTED]. The Organizer may alter this date only upon express written approval by the Charter Schools Director, which approval or disapproval must be communicated to the Organizer within ten (10) business days after the Charter Schools Director receives written notice from the Organizer of its proposed modification to this date.

## **SECTION VIII. STAFF RESPONSIBILITIES AND PERSONNEL PLAN**

8.1 Employee Benefits. Teachers and other staff who work at the Charter School shall be provided health insurance, retirement benefits, liability insurance, and other benefits:

- a. as described in the Application; or
- b. as otherwise negotiated with their employer.

To the extent that these benefits conflict, benefits provided pursuant to Subsection (b.) of this Paragraph shall govern.

8.2 Teacher Licensing. As required under Indiana Code § 20-24-6-5(a), the Organizer hereby represents that at least ninety percent (90%) of the individuals who teach full time in the Charter School during the term of the Charter shall either:

- a. hold a license to teach in a public school in Indiana under Indiana Code Chapter 20-28-5; or
- b. be in the process of obtaining a license to teach in a public school in Indiana under the transition to teaching program set forth in Indiana Code § 20-28-4-2; unless the Charter School requests and the State Board of Education approves a waiver for a lower percentage. The Organizer represents that any individual teaching at the Charter School under this option shall complete the transition to teaching program not later than three (3) years after beginning to teach at the Charter School.

The Organizer represents that an individual who does not qualify under Subsections (a.) or (b.) of this Paragraph may teach full time in the Charter School if, as provided by Indiana Code § 20-24-6-5(d), the individual holds at least a bachelor's degree with at least a three point (3.0) grade point average on a four point (4.0) scale from an accredited postsecondary educational institution in the content or related area in which the individual teaches.

8.3 Non-Teacher Licensing. As required under Indiana Code § 20-24-6-5(e), the Organizer represents that any individual who provides a service to students at the Charter School that is not teaching, and for which a license is required under Indiana law, shall have the appropriate license to provide the service in Indiana.

8.4 Employment Applications. All applicants for employment with the Organizer who intend to provide services for the Charter School shall be required to submit employment applications. All current and prospective employees of the Organizer who have direct, ongoing contact with children at the Charter School within the scope of the individuals' employment, and employees of contractors or sub-contractors of the Organizer who have direct, ongoing contact with children within the scope of the individuals' employment, shall be subject to national criminal background checks to the fullest extent permitted under applicable law after obtaining any necessary consents from the individual who are subject to the background

check.

8.5 Participation in Retirement Funds. The Organizer shall participate in any one of the following as required under Indiana Code § 20-24-6-7:

- a. The Indiana state teachers' retirement fund in accordance with Indiana Code Article 5-10.4; or
- b. The public employees' retirement fund in accordance with Indiana Code Article 5-10.3; or
- c. Another employee pension or retirement fund.

## **SECTION IX. PHYSICAL PLANT**

9.1 Applicable Law. As a Prior Action, the Organizer shall identify a location for the Charter School and develop facilities for the Charter School that comply with: (a) all applicable law, including building, fire and safety, and zoning and land use codes for school use; (b) this Charter Agreement; and (c) the Application.

9.2 Material Changes. The Organizer shall notify the Charter Schools Director immediately as to any of the following:

- a. any material change in the availability or condition of the physical plant, such as through flood, fire, or other unanticipated circumstance;
- b. any allegation that the Organizer or the lessor has breached any lease, deed or other land use agreement concerning the physical plant; or
- c. any proposal to move the Charter School from its current facility to another or from its current location to another.

9.3 Construction of Facility. As required under Indiana Code § 20-24-7-7, if the Organizer uses public funds for the construction, reconstruction, alteration, or renovation of a public building, then bidding and wage determination law, and any other law relating to such projects shall apply.

## **SECTION X. BUDGET, FINANCIAL PLANS, AND AUDITS**

10.1 Organizer as Fiscal Agent. The Organizer is the fiscal agent for the Charter School. The Organizer has exclusive control of, and is responsible for, the funds received by the Charter School and the financial matters of the Charter School.

10.2 Separate Accounts; Audits. The Organizer shall maintain separate accountings of all funds received and disbursed for the Charter School and shall follow applicable law concerning separate maintenance of federal funds.

10.3 Adoption of Unified Accounting System. The Organizer shall adopt and implement the unified accounting system prescribed by the State Board of Education and State Board of Accounts.

10.4 Acquisition of Real and Personal Property. The Organizer may, for educational purposes, acquire real and personal property or an interest in real and personal property by purchase, gift, grant,



devise, or bequest.

10.5 No Tuition. The Organizer shall not charge tuition for any student, except that it may charge for preschool or before-and-after-school programs, unless prohibited under applicable law.

10.6 Federal Funding. The Organizer shall make all applications, enter into all contracts, and sign all documents necessary for the receipt by the Charter School of any aid, money, or property from the federal government.

10.7 Administrative fee. Beginning on July 1<sup>st</sup> before the school's fourth (4<sup>th</sup>) school year of operation, the Organizer shall pay to the Authorizer an administrative fee in an amount equal to one percent (1%) of the total amount the Organizer receives during the state fiscal year for *basic tuition support* as this term is defined under Ind. Code § 20-43-1-8.

- a. This fee is due and payable within thirty (30) days from the date that the fee is invoiced to the Organizer.
- b. A Charter over four (4) years old does not have arrearage.

## **SECTION XI. INSURANCE; INDEMNIFICATION**

11.1 Insurance. The Organizer shall maintain as a Prior Action a schedule of insurance as specified by the Charter Schools Director.

11.2 Indemnification. The Organizer indemnifies and holds the City and its officers, employees, counsel, consultants, agents, representatives (including the City's Charter School Board) and those acting on behalf of the City's officers, employees, counsel, consultants, agents and representatives harmless from any claim, action, expense (including attorneys' fees), damage, and liability, arising out of, connected with, or resulting from the Organizer's operation of the Charter School, including:

- a. the negligence, recklessness, intentional wrongful act, misconduct or culpability of the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, sub-contractors, or lessors;
- b. an act by the Organizer and those acting on behalf of the Organizer as officers, employees, agents, representatives, contractors, sub-contractors, or lessors that would serve as a basis for the Authorizer's revocation of the Charter pursuant to Paragraph 16.4 of this Charter Agreement;
- c. any failure by the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, or sub-contractors to pay employees, suppliers, lenders, creditors, contractors, or sub-contractors;
- d. the hiring, supervision, or discipline of any officer, employee, agent, representative, volunteer, or student of the Organizer, the governing body of the Charter School, or the Charter School, and those acting on behalf of these entities as officers, employees, agents, representatives,

contractors, or sub-contractors;

- e. the obligations of the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, or sub-contractors under the United States Constitution, the Indiana Constitution, and applicable law;
- f. the infringement of patent or other proprietary rights by the Organizer, the governing body of the Charter School, or the Charter School and those acting on behalf of these entities as officers, employees, agents, representatives, contractors, or sub-contractors in any material, process, machine, or appliance used in the operation of the Charter School; or
- g. the Authorizer's oversight responsibilities set forth in Indiana Code § 20-24-9-3.

11.3 Surviving Provisions. Notwithstanding the expiration, non-renewal, or revocation of this Charter Agreement, the Organizer agrees that the insurance coverage requirements required under Paragraph 11.1 of this Charter Agreement, and the duty to indemnify described in Paragraph 11.2 and Paragraph 3.6 of this Charter Agreement, shall continue in force and effect with respect to any claim, action, expense (including attorneys' fees), damage or liability arising out of, connected with, or resulting from the operation of the Charter School until such claim, action, expense (including attorneys' fees), damage, or liability is barred by any applicable statute of limitations.

11.4 Notice of Potential Claims. The Organizer and the Charter Schools Director shall make a good faith effort to notify each other of any actual or potential claims subject to indemnification under Paragraph 11.2 of this Charter Agreement, but failure to do so shall not invalidate the Organizer's indemnification duties herein.

## **SECTION XII. TRANSPORTATION PLAN**

12.1 The Organizer shall develop, implement, and maintain as a Prior Action a Transportation Plan that provides for safe, reasonably accessible transportation for all students attending the Charter School.

## **SECTION XIII. DISCIPLINE AND SAFETY PROGRAM**

13.1 Discipline; Student Rights; School Safety. The Organizer shall develop, implement, and maintain as a Prior Action a school safety plan, including a discipline plan, to provide for a safe learning environment at the Charter School for students, staff, volunteers, and visitors. The school safety plan shall include an emergency preparedness plan for the Charter School that meets the requirements set forth in 511 IAC § 6.1-2-2.5.

13.2 Expulsion or Involuntary Transfer. No student shall be expelled or transferred involuntarily from the Charter School except in accordance with applicable law governing the conduct and discipline of students, including Indiana Code §§ 20-33-8-19 and 20-33-8-20.

## **SECTION XIV. DESEGREGATION ORDER**

14.1 The Organizer shall comply with any applicable desegregation order and any plan set forth in

the Application relating thereto.

## **SECTION XV. COMPLIANCE ISSUES**

15.1 Compliance with Constitution; Discrimination Law; Applicable Law Generally. The Organizer shall comply with the United States Constitution; the Indiana Constitution; all federal and state law provisions that prohibit discrimination on the basis of age, disability, race, color, gender, national origin, religion or ancestry; the Indiana statutes specified in Indiana Code § 20-24-8-5; and any other applicable law.

15.2 Compliance Obligations under Indiana Code Article 20-24. The Organizer specifically acknowledges its obligations under Indiana Code Article 20-24 to abide by any applicable requirements set forth therein, as may be amended from time to time.

15.3 Compliance with Applicable Law Relating to Special Education Students. The Organizer acknowledges that it shall comply with any applicable law that relates to the provision of services to special education students attending the Charter School and shall develop, as a Prior Action, a comprehensive special education plan for such students.

15.4 ESL Students. The Organizer shall provide instruction at the Charter School for students eligible for English as a Second Language instruction as provided by law and without discrimination against such students.

15.5 Access to Public Records Law. Records relating to the Organizer's Charter and the operation of the Charter School that are in the possession, custody, or control of the Organizer are subject to inspection and copying to the same extent that records of a public school are subject to inspection and copying pursuant to Indiana Code Chapter 5-14-3.

15.6 Compliance with State and Federal Law; Inspection. Records provided by the Organizer to the Department or the Charter Schools Director that relate to compliance by the Organizer with the terms of this Charter Agreement or applicable law are subject to inspection and copying pursuant to Indiana Code Chapter 5-14-3.

15.7 Open Door Law. The Organizer's operation of the Charter School is subject to the requirements of the Open Door Law governing public meetings pursuant to Indiana Code Chapter 5-14-1.5.

15.8 Criminal History Information. The Organizer shall establish and implement a policy for conducting criminal history background checks in its operation of the Charter School that is consistent with Indiana Code § 20-26-5-10.

15.9 Inspection; Certification. In addition to any requirements set forth in this Charter Agreement, the Charter Schools Director may designate the Authorizer's representatives to enter the premises of the Charter School during or outside of school hours, on a scheduled or unscheduled basis, to monitor whether the Organizer is operating the Charter School in compliance with applicable law and with the terms and conditions of this Charter Agreement. To the extent permitted under applicable law, the Organizer shall maintain the following information at the Charter School and make it available to the Charter Schools Director upon request no later than the second (2<sup>nd</sup>) business day following such request; or, if the information has not yet been disclosed by a third party, as soon as practicable with the exercise of due diligence on the part of the Organizer:

- a. the Organizer's Articles of Incorporation;
- b. the Organizer's bylaws;
- c. Board policies;
- d. current and former Board members;
- e. the Organizer's enrollment and admissions process for the Charter School;
- f. a list of all formerly and currently enrolled students and, for each student, the following information: full legal name, social security number, student identification number (for purposes of state testing), birth date, address, school corporation in which the student resides, names and addresses of legal guardians; required documentation relevant to the student's special needs status (if applicable); results on assessments required by applicable law, the Application, the Performance Framework, and this Charter Agreement; and documentation of a student's suspension or expulsion (if applicable);
- g. a list of all former and current staff members and teachers who work at the Charter School and, for each one, the following information: name, social security number, birth date, address, compensation, evidence of certification to teach or progress toward certification to teach (if applicable), documentation of termination or resignation (if applicable);
- h. evidence of insurance;
- i. leases;
- j. documentation of loans and other debt of the Organizer related to Charter School;
- k. detailed accounting of school expenditures and sources of income received that are current through the preceding month, within twenty (20) days after the last day of such month; and
- l. copies of all required certifications, and health and safety-related permits for occupancy of the physical plant for the purposes of the Charter School.

15.10 Notice of Litigation. The Organizer shall notify the Charter Schools Director within five (5) business days of either the Charter School or any member of the School Board (acting in his or her capacity as a member of the School Board) being named as a plaintiff or defendant in any court proceeding or as the subject of any administrative enforcement proceeding arising from the operation of the Charter School.

## **SECTION XVI. TERM, REVIEW, RENEWAL, AND REVOCATION**

16.1 Term. The term of the Charter shall commence on the Effective Date and end forty-five (45) days after completion of the seventh (7<sup>th</sup>) school year of the Charter School.

16.2 Performance Review. The Charter Schools Director shall review the Organizer's performance no less frequently than annually, with the content and scope of each review to be determined by the Charter Schools Director. As part of the overall review process, the Charter Schools Director shall review the

Organizer's performance in operating the Charter School, including methodology for gauging the progress of the Charter School in achieving the educational mission and goals incorporated in the Application, this Charter Agreement, and the Performance Framework. Such performance review shall include methods for holding the Organizer accountable for improvement in student performance as measured by the following, if appropriate for grade level:

- a. results on mandatory annual assessments, as defined in 511 IAC § 6.2-6-1, including the number and percentage of students meeting state academic standards;
  - b. student attendance rates;
  - c. graduation rates;
  - d. number and percentage of students completing the Core 40 curriculum and results on Core 40 end of course assessments; and
3. number of academic honors diplomas.

16.3 Renewal. The Charter and this Charter Agreement may be renewed or not renewed, solely at the discretion of the Authorizer. In considering any renewal, the Authorizer may request the Charter Schools Director to review the Organizer's performance in operating the Charter School, including the progress of the Charter School in achieving the academic goals set forth in the Application, and the Performance Framework.

16.4 Grounds for Revocation. The Charter and this Charter Agreement may be revoked by the Authorizer at any time before the expiration of the term if the Charter Schools Director determines that one (1) of the following has occurred:

- a. the Organizer fails to fulfill any of its obligations in this Charter Agreement;
- b. the Organizer violates any of its representations in this Charter Agreement;
- c. the Organizer fails to comply with any of the terms and conditions set forth in this Charter Agreement;
- d. the Organizer fails to commence Charter School operations or have students in attendance at the Charter School in accordance with Section 7;
- e. the Organizer fails to meet the educational goals of the Charter School set forth in the Application, the Performance Framework, or this Charter Agreement;
- f. the Organizer fails to comply with the U.S. Constitution, the Indiana Constitution, or applicable law;
- g. the Organizer fails to use the accounting principles required under applicable law;
- h. the Charter Schools Director has cause to believe the health or safety of students attending the Charter School may be in jeopardy; or
- i. the Organizer files for bankruptcy or becomes insolvent.

16.5 Cause for Revocation; Notice. If the Charter Schools Director becomes aware of circumstances that may provide cause for revocation of the Charter as set forth under Paragraph 16.4, the Charter Schools Director shall provide the Organizer with written notice of such circumstances and state a date, which shall not be less than fifteen (15) business days from the date of such notice, by which time the Organizer must respond in writing (a) showing cause why the Charter should not be revoked or (b) proposing to cure the condition.

16.6 Non-Renewal, Revocation, or Expiration. If the Charter is not renewed, is revoked, or expires:

- a. the Organizer shall follow the procedures set forth in the Charter School Closure Plan (hereinafter referred to as "Closure Plan");
- b. the Organizer shall be responsible for winding down the operations of the Charter School, including payment of any and all debts, loans, liabilities (contingent or otherwise) and obligations incurred at any time by the Organizer in connection with the operation of the Charter School; under no circumstances, shall the City or the City's officers, employees, agents, or representatives, including the Authorizer and the City's Charter School Board, or those acting on behalf of the City's officers, employees, agents and representatives, be responsible for such obligations; and
- c. the Organizer shall cooperate with the Charter Schools Director to effect the orderly closing of the Charter School and shall comply with all applicable laws.

## **SECTION XVII. REPORTING REQUIREMENTS**

17.1 Master Calendar of Reporting Requirements. The Charter Schools Director shall annually provide to the Charter School a calendar that sets forth the schedule for all reports that the Charter School shall submit to the Charter Schools Director as required hereunder and the dates by which such reports shall be submitted (the "Master Calendar").

17.2 Budgets and Accounting Reports; Timing. The Organizer shall adopt a July 1 through June 30 budget and accounting year (the "Accounting Year"). The Organizer shall gather, calculate, and submit budgets and accounting information requested hereunder based upon the Accounting Year. If applicable law requires the Organizer to implement a different Accounting Year, the Organizer shall comply with such requirements for both accounting and budgetary reporting purposes.

17.3 Monthly Report. The Organizer shall submit to the Charter Schools Director by the fifteenth (15<sup>th</sup>) day of the following month any of the following that apply and, if none of the following applies, the Organizer shall submit written notification to the Charter Schools Director to that effect:

- a. a list of students expelled during the month;
- b. documentation of changes in (i) the Organizer's certificate of occupancy for the Charter School's physical plant or (ii) other health and safety-related certifications or permits;
- c. applications, filings, or Internal Revenue Service determinations related to seeking and maintaining the Organizer's tax-exempt status;

- d. applications, filings or state determinations related to seeking and maintaining the Organizer's not-for-profit corporation status;
- e. lists and contact information of any individuals leaving or joining the Board;
- f. lists and contact information of any individuals who are resigning from or expecting to hold a leadership position in the operation of the Charter School, including any administrative position;
- g. documentation of any non-compliance by Organizer with this Charter Agreement or applicable law in connection with the operation of the Charter School; and
- h. any conflict of interest issues that arose under Paragraph 3.4 and the resolution of such issue, if any.

17.4 Quarterly Reports. The Organizer shall submit the following to the Charter Schools Director within forty-five (45) days after each quarter of each Accounting Year:

- a. financial statements prepared in accordance with the accounting standards of the State Board of Accounts; and
- b. a certification that the Organizer has operated the Charter School in compliance with this Charter Agreement and applicable law during the previous quarter, except as otherwise noted.

17.5 Annual Report. As required under Indiana Code 20-24-9-1, the Organizer shall submit an annual report to the Department containing the information set forth in Indiana Code 20-24-9-2 in addition to any other data required by the Charter Schools Director or that the Department and local school districts require under applicable law. The Organizer shall provide a copy of the annual report that it submits to the Department to the Charter Schools Director.

17.6 Performance Report. As required by Indiana Code § 20-24-9-6, the Organizer shall publish a performance report not earlier than January 15 or later than January 31 that provides the information required under Indiana Code § 20-20-8-8. Upon request, the Organizer shall provide a copy to the Charter Schools Director of its performance report.

17.7 Other Reports.

- a. Accounting.
  - i. By June 1 during the calendar year of the Effective Date, the Organizer shall submit to the Charter Schools Director an initial statement prepared by an independent, certified public accountant licensed in the state of Indiana to the effect that the Organizer has adopted proper internal financial and accounting controls, and a plan to address any deficiencies noted in the accountant's statement.
  - ii. Within six (6) months after the end of each Accounting Year during the term of this Charter Agreement, the Organizer shall submit to the Charter Schools Director financial statements prepared in accordance with the unified accounting system prescribed by the State Board of Education and State Board of Accounts and audited by an independent, certified public accountant.

- iii. The Organizer shall also submit to the Charter Schools Director the audit of the Organizer's financial statements performed by the State Board of Accounts as required under Indiana Code § 20-24-8-5(1) as soon as it is available; and, to the extent that such audit is submitted in a timely fashion, the Charter Schools Director may waive, in writing, the requirement to submit audited financial statements as set forth in Subparagraph (ii).
- b. Projections. The Organizer shall provide the following projections:
  - i. documentation of the Charter School's recruiting and admission process for the upcoming school year, no later than two months prior to the student admission lottery;
  - ii. the projected budget no later than June 1 prior to the upcoming Accounting Year;
  - iii. the school calendar no later than July 1 prior to the commencement date of the upcoming school year; and
  - iv. the projected student enrollment no later than July 1 prior to the commencement date of the upcoming school year, specifying expected number of students by grade level and school corporation of record.
- c. Enrollment Report. Not later than the date established by the Department for determining average daily membership under Indiana Code § 21-3-1.6-1.1(d), and after May 31, the Organizer shall submit to the Department, with a copy to the Charter Schools Director, any information required under Indiana Code § 20-24-7-2(a).
- d. Additional Information. The Organizer shall submit any additional reports (or supplements to any of the reports herein) as set forth in the Accountability Plan or requested by the Charter Schools Director.

17.8 Public Inspection. The Charter Schools Director may make any of the reports herein available for public inspection, to the extent permitted under applicable law.

## **SECTION XVIII. GENERAL PROVISIONS**

18.1 Notice. All notices, reports, and other documents covered by this Charter Agreement and required to be sent to one of the parties shall be in writing and shall be delivered by electronic mail, hand or by U.S. Certified Mail, return receipt requested, to the following contacts, as applicable, at the address shown or to such other address as may be provided by notice under this paragraph:

*If to the Charter Schools Director:*

Charter Schools Director  
Office of the Mayor  
2501 City-County Building  
200 E. Washington Street  
Indianapolis, IN 46204

*If to the Organizer:*



[Name/Address]

18.2 Governing Law. The Charter and this Charter Agreement shall be governed by, subject to, and construed under the laws of the State of Indiana without regard to its conflicts of laws provisions.

18.3 Waiver. No waiver of any breach of any provision of this Charter Agreement shall be held as a waiver of any other or subsequent breach.

18.4 Counterparts; Signature by Facsimile. This Charter Agreement may be signed in counterparts, which together shall constitute the original Charter.

18.5 Amendment. This Charter Agreement may be amended only by a written instrument executed by the Organizer and the Charter Schools Director.

18.6 Severability. In the event that any provision of this Charter Agreement, or the application thereof, shall be determined to be invalid, unlawful, or unenforceable to any extent, the remainder of this Charter Agreement and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful or unenforceable, shall not be affected thereby, and each remaining provision of this Charter Agreement shall continue to be valid and may be enforced to the fullest extent permitted by law.

18.7 Entire Agreement. This Charter Agreement supersedes and replaces any and all prior agreements and understandings between the City (or the City's officers, employees, counsel, consultants, agents, representatives, including the Authorizer and the City's Charter School Board, and those acting on behalf of the City's officers, employees, counsel, consultants, agents and representatives) and the Organizer (or the Organizer's duly authorized representatives).

18.8 Construction. This Charter Agreement shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared this Charter Agreement.

18.9 Disputes. The Organizer and Authorizer shall not exercise any legal remedy with respect to any dispute arising from the Charter without (a) first providing written notice to the other party setting forth a description of the dispute, and (b) thereafter, meeting with the other party and attempting in good faith to negotiate a resolution of such dispute. This provision shall not apply to the Authorizer's revocation rights under Paragraph 16.4 of this Charter Agreement.

18.10 No Third Party Beneficiary. Nothing in this Charter Agreement, either expressed or implied, shall be construed to give any non-party any legal or equitable rights hereunder.

18.11 Assignment. The Organizer may not transfer or assign any of its rights or obligations under this Charter Agreement without the amendment of this Charter Agreement.

18.12 Definitional Provisions. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate. When a reference is made in this

Title:

ATTEST:

\_\_\_\_\_  
( )

Director of Charter Schools, City of Indianapolis

Date: \_\_\_\_\_

*(Exhibits A, B, C and D to follow.)*

*EXHIBIT A*  
**PRIOR ACTIONS**

Pursuant to Paragraph 2.3 of the Charter Agreement, the Organizer has agreed that it shall not provide instruction to any student attending the Charter School until and unless: (a) the Organizer issues a written statement to the Charter Schools Director, attesting to the Organizer's substantial completion in a timely manner, of all Prior Actions; and, (b) the Charter Schools Director shall have confirmed in writing the substantial completion of such Prior Actions. The Prior Actions required of the Organizer are as set forth in this Exhibit, and shall be completed during the calendar year of the start of the first year of operation in the time periods set forth hereunder.

**SECTION 1. REQUIRED PRIOR ACTIONS**

1.1 **Performance Framework.**

1.2 **Physical Plant.** The Organizer shall amend its Application to describe the physical plant where the Charter School will be located, and the facilities that will be constructed, reconstructed, altered, or renovated as part of the physical plant. Before this Prior Action shall be deemed substantially completed, the Charter Schools Director shall have the opportunity to review and approve the proposed location of the physical plant and the facilities that shall be a part thereof. The Organizer shall:

- a. acquire, through purchase, lease or otherwise, the location of its proposed physical plant and submit such documentation to the Charter Schools Director;
- b. submit documentation to the Charter Schools Director no later than June 1 that the Organizer is taking the necessary steps to ensure all inspections -- including but not limited to inspections by the State Department of Health, the Marion County Health Department, the State Fire Marshall, Indianapolis Fire Department and the City Building Inspector -- are completed in a timely manner prior to opening;
- c. obtain all required zoning, land use or other building related permits for its proposed physical plant and submit such documentation to the Charter Schools Director no later than June 1;
- d. successfully complete all inspections and submit such documentation to the Charter Schools Director; and
- e. obtain the Charter Schools Director's written approval of its proposed physical plant prior to the proposed commencement of the Charter School's first school year.

1.3 **Insurance.**

- 1.3.1 The Organizer shall amend its Application to set forth the following schedule of required minimum insurance with an insurance company licensed to do business in Indiana that has at least an A- rating from A.M. Best:

Commercial General Liability:

\$1,000,000 per occurrence;

\$2,000,000 aggregate

NOTE: SUCH COMPREHENSIVE GENERAL LIABILITY INSURANCE MUST EXPRESSLY COVER CORPORAL PUNISHMENT LIABILITY AND ATHLETIC PARTICIPATION MEDICAL COVERAGE.

Directors' and Officers' Liability/  
Educators' Legal Liability/  
Employment Practices Liability:

\$1,000,000 per occurrence;  
\$3,000,000 aggregate

Sexual Abuse Liability:

\$1,000,000

NOTE: SEXUAL ABUSE LIABILITY MUST BE A SEPARATE POLICY OR A SEPARATE COVERAGE PART WITH LIMITS INDEPENDENT OF OTHER COVERAGE PARTS IN THE GENERAL LIABILITY POLICY.

Automobile Liability:

\$1,000,000 combined single limit

Umbrella (Excess Liability):

\$3,000,000 per occurrence;  
\$3,000,000 aggregate

NOTE: THE UMBRELLA POLICY MUST INCLUDE COMMERCIAL GENERAL LIABILITY, DIRECTORS' AND OFFICERS' LIABILITY/EDUCATORS' LEGAL LIABILITY/EMPLOYMENT PRACTICES LIABILITY, AUTOMOBILE LIABILITY AND SEXUAL ABUSE LIABILITY.

Workers Compensation Liability:

(As required by Indiana law)

1.3.2 The City must be listed as an additional named insured on each of these policies. The Charter Schools Director may request further documentation at any time. The insurance provided by the Organizer shall apply on a primary basis. No funds, assets, insurance, or self-insurance of the City or the City's officers, employees, agents, counsel, consultants, or representatives, including the City's Charter School Board, or those acting on behalf of the City's officers, employees, agents, counsel, consultants, and representatives, shall be held to answer for the payment of any claim, action, expense (including attorneys' fees), damage, or liability of the Organizer. The insurance provided herein shall provide coverage for the Organizer's indemnification obligations set forth in the Charter Agreement.

1.3.3 The Organizer shall submit its proposed insurance coverage for Directors' and Officers' Liability Coverage/Educators' Legal Liability/Employment Practices Liability, Automobile Liability, Sexual Abuse Liability and Workers Compensation Liability to the Charter Schools Director. The Organizer shall submit its proposed insurance coverage for Commercial General Liability and Umbrella Liability to the Charter Schools Director at least two (2) weeks prior to acquiring, through purchase, lease, or otherwise, the physical plant of the Charter School, and these coverages shall take effect no later than the effective date of such acquisition.

1.4 Comprehensive Special Education Plan. The Organizer shall amend its Application to set forth a comprehensive special education plan that complies with applicable law. Before this Prior

Action shall be deemed substantially completed, the Charter Schools Director shall have the opportunity to review and approve the proposed comprehensive special education plan. The Organizer shall submit its proposed comprehensive special education plan to the Charter Schools Director prior to the commencement of the Charter School's first school year.

- 1.5 Financial Plan. The Organizer shall amend its Application to set forth an updated five-year financial plan, including a detailed budget identifying required start-up costs and a cash flow plan identifying the sources of funds that will be available to pay start-up costs and costs of operations prior to receipt of funds from the State of Indiana and local public school corporations. The Financial Plan shall also include an initial statement prepared by an independent, certified public accountant to the effect that the Organizer has adopted proper internal financial and accounting controls, and a plan to address any deficiencies noted in the accountant's statement. Before this Prior Action shall be deemed substantially completed, the Charter Schools Director shall have the opportunity to review and approve the proposed financial plan. The Organizer shall submit its proposed financial plan, including the statement prepared by the independent, certified public accountant, to the Charter Schools Director prior to the proposed commencement of the Charter School's first school year.
- 1.6 Curriculum. The Organizer shall amend its Application to set forth a detailed, specific curriculum, which shall serve as the basis for educating students who attend the Charter School. Before this Prior Action shall be deemed substantially completed, the Charter Schools Director shall have the opportunity to review and approve the proposed curriculum. The Organizer shall submit its proposed curriculum to the Charter Schools Director prior to the proposed commencement of the Charter School's first school year.
- 1.7 Transportation. The Organizer shall amend its Application to set forth a specific, detailed plan for transporting students that attend the Charter School. Before this Prior Action shall be deemed substantially completed, the Charter Schools Director shall have the opportunity to review and approve the proposed process and administration of the Organizer's transportation plan. The Organizer shall submit its proposed transportation plan to the Charter Schools Director prior to the proposed commencement of the Charter School's first school year.
- 1.8 School Safety Plan. The Organizer shall amend its Application to set forth a detailed, specific school safety plan. The school safety plan shall include an emergency preparedness plan for the Charter School that meets the requirements set forth in 511 IAC § 6.1-2-2.5. Before this Prior Action shall be deemed substantially completed, the Charter Schools Director shall have the opportunity to review and approve the proposed school safety plan. The Organizer shall submit its proposed school safety plan to the Charter Schools Director prior to the proposed commencement of the Charter School's first school year.
- 1.9 Escrow Account for Dissolution. The Organizer shall establish an escrow account of no less than [REDACTED] Dollars (\$ [REDACTED]) to pay for legal, wind-down of operations and audit expenses that would be associated with a dissolution should it occur as outlined in the Charter School Closure Plan. The Charter School may provide for the full amount in its first-year budget, or provide for a minimum of [REDACTED] Dollars (\$ [REDACTED]) per year for the first three (3) years of its charter term. The Charter School's failure to provide for a minimum of [REDACTED] Dollars (\$ [REDACTED]) by [REDACTED] (date) in each of the first three (3) years of its charter term, beginning with the first year of instruction, shall be deemed a material violation of the Charter Agreement.

## SECTION 2. FAILURE TO COMPLETE PRIOR ACTIONS

- 2.1 If the Organizer does not substantially complete any of these Prior Actions in a timely manner, the Authorizer shall be permitted to exercise revocation rights under Paragraph 16.4(c.) of the Charter Agreement, subject to the notice and cure provisions set forth under Paragraph 16.5 of the Charter Agreement.

## SECTION 3. REQUIREMENTS FOR CONTRACTING WITH EDUCATIONAL SERVICE PROVIDERS

- 3.1 If, at any time, the Organizer intends to enter into a contract or make any modifications or amendments to an existing contract (hereinafter referred to, together, as the "Service Contract") with an educational service provider (hereinafter referred to as the "ESP"), defined as any third party organization that will manage or operate the Charter School or provide any substantial portion of the managerial or instructional staff to the Charter School on a fee basis and pursuant to a fee-based contract, all of the following requirements must first be met by the Organizer:
- 3.1.1 Required Provisions of Bylaws. The bylaws of the Charter School shall provide that the Charter School may not enter into any contract for comprehensive school management or operations services ("Service Contract") without first submitting such Service Contract to Charter Schools Director for review. The Charter School shall further incorporate within its bylaws, or duly establish pursuant to such bylaws, procedures for the termination of the Service Contract as provided herein. The bylaws may not be amended in any material respect without the prior written approval of the Board of Directors, such approval not to be unreasonably withheld, and in no event can they conflict with any term of the Charter or applicable law. In seeking modification of the bylaws, the Organizer shall submit to the Board of Directors a duly approved resolution of the Charter School board setting forth the proposed material changes to the Bylaws.
- 3.1.2 Submission of Service Contract. The Service Contract shall be submitted to the Charter Schools Director prior to its execution by the parties. If the Charter Schools Director determines that the Service Contract does not comply with (a) the provisions set forth in this Exhibit, (b) applicable law, or (c) the Charter Agreement generally, or otherwise is against public policy, then the Charter Schools Director shall notify the Organizer within forty (40) days of receipt, stating the bases for objecting to the Service Contract. In such event, the Organizer shall not enter into the Service Contract unless and until the deficiencies noted by the Charter Schools Director have been remedied to the Charter Schools Director's satisfaction.
- 3.1.3 Required Terms of Service Contract. The Service Contract shall include, in substance, the following terms:
- a. The Service Contract shall be subject to, and shall incorporate by reference, the terms and conditions of the Charter Agreement. No provision of the Service Contract shall interfere with the Organizer's ability to perform its obligations under the Charter Agreement. The Organizer shall at all times remain legally responsible to the Authorizer for the operations and management of the Charter School and for ensuring

that the terms and conditions of the Charter Agreement are satisfied.

- b. The Service Contract shall specify a reasonable fixed term, not to exceed the term of the Charter, and shall be terminable in accordance with its bylaws or other established termination procedures, as follows: (i) at any time by the mutual written agreement of the Organizer and the ESP; (ii) by the Organizer, upon any material breach of the Service Contract by the ESP; (iii) by the Organizer, if the Service Contract or its implementation would serve as grounds for revocation under the Charter Agreement, would jeopardize the tax exempt or not-for-profit status of the Organizer, would create adverse tax consequences for the Organizer, or would cause the Organizer to be in violation of applicable law; or (iv) by the Organizer or ESP, upon such other grounds as are specified by the Service Contract.
- c. The ESP shall furnish all information relating to its contract with the Organizer that is deemed necessary by the Organizer or the Charter Schools Director (i) to fulfill the Organizer's reporting requirements under the Charter, (ii) for the Authorizer's proper oversight of the Charter School operations, and (iii) as otherwise required under applicable law or the Charter Agreement. This information shall be prepared by the ESP in accordance with the uniform accounting principles prescribed by the State Board of Education and State Board of Accounts, or in such other form as may be required under applicable law or the Charter Agreement.
- d. All ESP employees, contractors of the ESP, or employees of contractors of the ESP who have direct, ongoing contact with children at the Charter School within the scope of their employment, shall be subject to criminal background check requirements to the same extent as employees of the Organizer who have direct, ongoing contact with children at the Charter School within the scope of their employment.
- e. The ESP shall comply with all applicable law and the terms and conditions of the Charter Agreement.
- f. The Organizer shall be the recipient of all public funds that are disbursed to fund the operations of the Charter School and all other funds to which the Charter School or the Organizer is entitled.
- g. The ESP shall comply with all requirements, terms and conditions established by any federal or state funding source.
- h. The Service Contract shall, in its entirety, be consistent with the Organizer's status as a nonprofit entity under the Internal Revenue Code or applicable state law, including but not limited to any applicable provisions prohibiting or restricting private benefit or private inurement.
- i. The Organizer's board of directors (hereinafter referred to as the "Board") shall be structurally independent of the ESP and shall set and approve broad school policies, such as the budget, curriculum, student conduct, school calendars, and dispute resolution procedures.
- j. Notwithstanding any provision to the contrary in the Charter Agreement, Application or Bylaws, in no event shall the Board, at any time, be comprised of voting members of



whom more than forty-nine percent (49%) are directors, officers, employees, agents or otherwise affiliated with the ESP.

- k. The Service Contract shall not require the ESP's name to be included in or attached to the name of the Charter School.

3.1.4 Areas to be Addressed in Service Contract. The Service Contract shall address the following issues:

- a. The Service Contract shall clearly delineate the respective roles and responsibilities of the ESP and the Organizer in the management and operation of the Charter School.
- b. The Service Contract shall identify whether individuals who work at the Charter School are employees of the Organizer or of the ESP; or, if employment status will vary from employee to employee, shall set forth a process for determining whether the individual is an employee of the Organizer or of the ESP.
- c. The Service Contract shall set forth procedures that are consistent with applicable law for determining whether assets purchased for use at the Charter School are owned by the Organizer or the ESP.
- d. The Service Contract shall identify the procedures that the Organizer shall use to monitor and oversee the ESP.
- e. The Service Contract shall specify the methodology for calculating the ESP's compensation, including all amounts to be paid to the ESP by the Organizer, whether as contract payments, lease payments, management fees, administrative fees, licensing fees, expenses, claims on residual revenues, or any other amounts payable to the ESP. The total amount to be paid to the ESP by the Organizer and/or any third party, including students, parents, or other organizations, under the Service Contract shall be reasonable, market rate, and commensurate with the services provided by the ESP. Compensation arrangements that grant the ESP the Organizer's or Charter School's annual operating surplus, give the ESP a percentage of all the Organizer's or Charter School's revenues, or include bonuses or incentives, must be designed in accordance with any applicable law and Internal Revenue Service guidance.
- f. The Service Contract shall define the services that the ESP will provide to the Organizer.
- g. The Service Contract shall provide documentation related to all loans to, or investments in the Charter School by, the ESP. In the case of investments, such documentation shall explain how the investment shall be treated on the books of the Charter School and shall clearly state the ESP's expected return on equity.

3.1.5 Contact Information. The Organizer shall provide the Charter Schools Director with contact information for the ESP employee or employees who will be primarily responsible for providing services under the Service Contract.

3.1.6 Conflict of Interest. Any Board member, officer of the Organizer, or individual who is to hold a leadership position in the operation of the Charter School, including any administrative position (hereinafter referred to, together, as "Interested Person"), any family

member of any Interested Person, or any organization in which the Interested Person has a more than a two percent (2%) ownership position, which has any direct or indirect financial interest in the ESP must disclose to the Board, or to a committee designated by the Board as having the authority to review potential conflicts of interest, the existence of his or her financial interest and may be given the opportunity to disclose facts material to that interest to the Board or committee. For purposes of this provision, a "financial interest" shall include any current or potential ownership interest in, investment interest in, or compensation arrangement with the ESP. For purposes of this provision, the term "family member" shall include any spouse, parent, child, or sibling of the Interested Person. The disinterested members of the Board or committee (i.e., all members except for any Interested Person) will evaluate the impact of the Interested Person's financial interest, assess whether a conflict of interest arises from the financial interest, and determine what action, if any, is appropriate with regard to the financial interest and any conflict of interest. The Board or committee shall conduct whatever additional investigation is considered appropriate under the circumstances.

- 3.1.7 Negotiation of Service Contract and Legal Counsel. The Service Contract shall be developed and finalized by the Organizer and the ESP through arm's length negotiations in which the Organizer shall be represented by legal counsel. Such legal counsel shall not also represent the ESP.
- 3.1.8 Board Approval. The Board shall formally approve the Service Contract with a majority vote.

*EXHIBIT B*  
APPLICATION

*EXHIBIT C*  
**ACCOUNTABILITY PLAN**

*EXHIBIT D*

REQUIREMENTS WITH RESPECT TO A  
EDUCATIONAL SERVICE PROVIDER CONTRACT